

88 01605

**PHASE III REPORT
ECONOMIC & INDUSTRIAL DEVELOPMENT
MARKETING STRATEGY**

Prepared For The

CITY OF DOS PALOS

and the

**MERCED COUNTY OFFICE OF ECONOMIC
AND
STRATEGIC DEVELOPMENT**

Funded by

MERCED COUNTY PRIVATE INDUSTRY COUNCIL

FEDERAL ECONOMIC DEVELOPMENT ADMINISTRATION

Prepared by

**ECONOMIC DEVELOPMENT SERVICES
1024 F Street
Sacramento, California 95814
916/441-0323**

Wayne A. Schell
James R. King
Patricia Kelly
Frank Fargo



Digitized by the Internet Archive
in 2024

<https://archive.org/details/C124896389>

ACKNOWLEDGEMENTS

Developing a strategy often requires considerable time and help from local individuals. This project required an extra effort from the following local staff who are commended for their assistance and support:

- o City Council and the City staff, especially the City Manager, Greg Applegate, and Vickie Scheidt who endured countless phone calls requesting information as well as time spent on-site with the project team.
- o The Merced County Office of Economic & Strategic Development, especially Director Karen Prentiss, who also put together the funding for this project.
- o Supervisor Tony Whitehurst.
- o Staff from the office of Assemblyman Rusty Areias.
- o The Private Industry Council, especially the Director Terry Tatum Smith, who attended meetings, provided advice and partial funding for this project.
- o The Federal Economic Development Administration who provided partial funding.
- o All interviewees to numerous to mention, i.e., see Report I, Community Assessment.

TABLE OF CONTENTS

| <u>SECTION</u> | <u>PAGE</u> |
|---------------------------------|-------------|
| INTRODUCTION . . . THE ROAD MAP | 1 |
| SETTING THE STAGE | 3 |
| ASSETS & LIABILITIES | 9 |
| GOALS & OBJECTIVES | 10 |
| IMPLEMENTATION | 13 |
| OTHER SUPPORTING ACTIONS | 24 |
| WORK PLAN/TIMELINE | 26 |

APPENDIX

- A. Summary of City Actions
- B. Summary of Economic Development Commission Actions
- C. Sample Council Economic Development Resolution
- D. Economic Development Commission Structure

INTRODUCTION . . . THE ROAD MAP

This is the third and last report to be submitted to the City of Dos Palos and Merced County Office of Economic & Strategic Development. The first report presented a Community Assessment of Dos Palos and the second report provided a Location-Site Assessment of the Industrial Area of Dos Palos.

The goals and objectives discussed in detail later in this strategy report can only be achieved over time. The goals and objectives describe a destination. As the City seeks to achieve the goals and objectives, conditions will change requiring modifications. . .new opportunities will develop which need to be pursued. . .unanticipated problems will be encountered which demand attention. . .and fiscal constraints will cause delay or abandonment of some planned activities. Such is the nature of economic development and the rationale for strategic planning. . .requiring an initial road map to begin the journey.

Our work in Dos Palos and our experience in similar projects for rural communities suggests that a discussion of specific objectives associated with implementation initiatives is an essential step for meeting the goals.

Therefore, it is essential for the City, with help from the Merced County Office of Economic & Strategic Development, to discuss and agree on a set of goals, objectives and implementation initiatives which can be set in motion quickly, demonstrate commitment and show tangible results.

The initiatives highlighted in the Implementation Section are not intended to be all inclusive. Rather they are intended to illustrate a

select group of initiatives which should be immediately undertaken and implemented.

In discussing this strategy, the City Council and others should keep in mind the following words of advice:

- o Economic development before a crisis (Action vs. Reaction).
- o The business of economic development --- economic development is a business.
- o Fund the business.
- o Be pragmatic --- be realistic --- not all priorities can be done at once.
- o Results are essential --- a long term process seeking short term results.
- o Economic development in bits and pieces does not work.
- o Plan --- organize --- implement.
- o Less attraction, more retention.
- o Less big, more small.
- o Less go it alone, more go it together --- above all communicate and cooperate.

SETTING THE STAGE

Why Economic Development?

What does economic development mean for Dos Palos? The following outlines five basic reasons why the City should be concerned about economic development.

- o **The young people are leaving.** Graduates can't stay or return to raise families because there are no jobs. The community needs more employment opportunities for its young people.
- o **The economy is principally agricultural.** But agriculture alone can no longer substantially support the community. The community needs to diversify its local economy, and offer more employment opportunities.
- o **Costs for City services and maintenance are expanding faster than income.** The City needs to raise additional revenue, but increasing taxes is not an option. An alternative strategy for expanding the local tax base is needed.
- o **The quality of life in the community is special and should be preserved while at the same time recognizing that it is an important asset in encouraging business growth.**
- o **If the community does not plan for its own economic future, it may be planned by outside forces, perhaps not to the community's liking.**

What rural communities need is a balanced local economy. So the goal is not to classify communities as agricultural or non-agricultural, but to

create blended economies. Economic development is also a means for raising revenues.

No single local economic development activity can cure a lagging economy. A comprehensive action strategy must be comprised of various components geared to:

- o **Improving the ability to capture existing income.** Dollars flow in and out of the local economy. A healthy economy limits the economic out-flows, or leakages, from the community. Leakages result when local residents make purchases at regional shopping centers, vacation away from home, invest in out-of-town business and real estate, or pay wages to commuting workers. Obviously, no community can keep all of the dollars that flow into the local economy. But local economic development can work to plug some of the leakages.

Surveys and assessment tools help to find the holes and develop strategies for retaining income. Such strategies may emphasize downtown revitalization, job skill training, special community events, housing development, or other development techniques.

- o **Improving the efficiency of existing firms; help local businesses to stay and expand, creating additional jobs.** Research conducted by the Massachusetts Institute of Technology and the Brookings Institution shows that 40-60 percent of job growth comes from the expansion of small business.

Local economic development often overlooks the businesses already in the communities. Forward-thinking economic development programs will visit with local firms, listen to their concerns and learn of their plans for the future. By

having available and/or knowing where to locate business assistance specialists and how to encourage financial or technical assistance, local economies can become more competitive and productive.

- o **Encouraging the formation of new business.** There are more entrepreneurial energies in rural communities than one might think. New businesses are continually needed to meet changing needs. Young firms can capture some of the dollars currently leaking to other communities and offer new local job opportunities. New home-based businesses are particularly compatible with the rural community landscape. In its 1984 study of home-grown enterprises, the Minnesota Project reports that new home-based firms are flourishing in rural areas. Community surveys, inventories, business training sessions, help from experienced retirees and financing programs can help to inspire new business growth.
- o **Attracting new businesses.** Although new business recruitment has received more attention than it deserved, it is a necessary development option especially for Dos Palos. Basic employers sell goods or services outside the community, which generates income to be dispersed among local citizens. This income is spent on other goods and services consumed locally, creating still more income and employment. Today's new jobs are coming from service-producing industries and, in rural areas, from mature, rapidly growing, small high-technology industries, not large manufacturing operations. Among the new basic employers are insurance companies, research and development laboratories, wholesale businesses, medical services, transportation firms, business services, and recreation and tourism.

Role of Local Government

The economic development chain is only as strong as its weakest link; more often than not, this link has been the local government. The ability to use development resources and tools to promote economic growth or stabilization is not an inherited trait; it is learned by going out and becoming an active participant.

The basic fact is that virtually every community has a potential economic vitality, which in most cases will not be realized until a range of economic tools are employed to support it. The state and federal governments can create the tools, but the success of economic development rests solely on the ability of local governments to make productive use of the development resources and development tools presently available.

Local economic vitality, or lack of vitality, clearly depends in part on local decisions and leadership. Whether local governments know it or not, they are in a continuous process of economic development, i.e., housing, land use, renewal, public works and environment -- each requiring a public policy and tools to carry out that policy.

Community-wide economic development, with exceptions, is not accorded this level of attention and energy. As is typical, some public, quasi-public, and private institutions are concerned with various pieces of the pie, such as downtown renewal, small business development, industrial development, etc. These separate programs do not add up to a total ongoing program, and energies are only mobilized when events have forced crisis, such as defense closures, major industry cutbacks, etc. We are long past the day when economic development meant simply "industrial development", and "industrial development" was simply a matter of printing a handsome brochure and ringing the doorbells of industry.

The payoffs for communities that institute a comprehensive program of continuous planning and action can be substantial. Examples of such

efforts are numerous and the key to their success is strong economic development capability within or close to the governmental decision making process.

The Strategy

The most tangible expression of economic development is the specific private development project which typically involves some form of public subsidy that persuades the private investor to proceed. These deals are highly visible. They create jobs and may create added tax base. Most such deals in most communities are handled on a case-by-case basis as targets of opportunity present themselves. In this context, an economic development strategy would seem to be of little value.

We agree that the deal is one important culmination of an economic development program. A strategy that is so rigid as to deny the value of responding to serendipitous opportunities if and when they present themselves is equally deficient. However, we believe that if local development groups are to use scarce resources wisely in their efforts to influence private investments they must be in a position to be proactive, not simply reactive. This, in turn, means that they must have an economic development strategy.

What, then, is involved in preparing such a strategy? First, an understanding of the present local economy. Second, targets for expansion must be identified, and the barriers to realizing growth must be anticipated. Third, specific initiatives must be designed to remove barriers and to promote investments that take advantage of the opportunities. These initiatives are the heart of the strategy and often include suggested changes in governmental policies/procedures designed to produce a business environment more conducive to investment. Finally, a strategy includes organizational arrangements, estimates of the cost, and ideas for funding the overall program.

The following summarizes the four key steps a community goes through in developing a local economic development "business." Dos Palos is somewhere between Steps 2 and 3.

Step 1 Deciding to do it!

Step 2 Deciding what you need to do!

Step 3 Deciding how you organize to do it!

Step 4 Doing it!

ASSETS & LIABILITIES

This section summarizes the key findings from our first two reports into an assets and liabilities analysis. The analysis provides a focal point for the recommended strategic objectives and initiatives.

A development strategy must be based on a clear picture of both the City's strengths and weaknesses. This picture provides our assessment of the particular areas in which the City is strong or has severe limitations. In that way, the City can assess which weakness it will be able to address through intervention, and can set priorities for taking action to improve or mitigate such weaknesses. It can also stress areas on which to focus initial project activities so as to take advantage of particular opportunities and points of strength.

We have summarized the key assets and liabilities of the City into a matrix (Exhibit A) shown on the following page. They are organized by location factors typically considered by outside and local firms looking to relocate, expand or start business operations. These factors (not in order of priority) include:

- Market area
- Local business climate
- Infrastructure
- Quality of life

While this list describes some of the weaknesses of the local economy, we also know that the City has growth potential, especially the underutilized potential in the Industrial Area. The City has a good quality of life and is improving its infrastructure to support more diversified commercial and industrial growth.

EXHIBIT A

MATRIX OF DOS PALOS
ASSETS AND LIABILITIES

| FACTOR | ASSETS | LIABILITIES |
|-----------------|--|---|
| Market Area | <p>Strong population growth</p> <p>Proximity to I-5 and other major highways</p> <p>Overall growth of the West side and I-5 Corridor</p> | <p>Little or no economic or employment growth</p> <p>Retail sales leakage to Fresno, Merced, Los Banos</p> <p>Vulnerability of agricultural-related industries</p> <p>Low median household buying income</p> <p>Lack of merchant leadership -- weak Chamber of Commerce participation</p> |
| Infra-structure | <p>Water capacity and quality issues are being resolved</p> <p>Land is available for industrial expansion</p> <p>Improvements underway and planned for Highway 152 to San Jose Area</p> | <p>Sewer is near capacity</p> <p>Industrial Area needs infrastructure improvements: roads, sewer and water lines, drainage, lighting, etc.</p> <p>Lack of rail service to the Industrial Area</p> |
| Quality of Life | <p>Excellent recreation/open space opportunities</p> <p>Affordable housing</p> <p>Good environment</p> <p>Low crime rate</p> <p>Good educational system/sports program</p> <p>Nice "small town" atmosphere</p> | <p>Negative community self-image</p> <p>Assets not known to outside world</p> <p>Limited shopping opportunities</p> <p>Blighted Downtown (vacant buildings, etc.)</p> <p>Lack of mid-range housing</p> <p>Current status of medical services</p> |

FACTOR

ASSETS

LIABILITIES

Business Climate

Excellent political support from Congressman, State Assemblyman, and County Supervisor

Strong economic development support from current City Council

Stable and strong City staffing

Supportive local press

Strong staff and funding support from Merced County Office of Economic and Strategic Planning

Favorable regulatory environment

Labor/management relations

Support available from Private Industry Council for specialized training and retraining needs

Favorable wage rates

Highly competitive land costs

Underemployed workforce

Negative attitude of local businesses regarding growth prospects

Negative perception of City and its area as low income and high crime

Business community's wait and see attitude based on past inaction by City leadership

Industrial Area lacks identity and is "unknown" outside the community

Industrial Area and surrounding area is a "visual" problem

Industrial Area landowners are not organized to participate in the market place

City and Community Service Districts present image of lack of coordination

Limited in-place infrastructure in Industrial Area

Limited financing assistance

Shortage of trained labor force

GOALS AND OBJECTIVES

GOALS

This section defines the overall goals (aspirations) and objectives (targets) of the economic development effort which should be discussed and adopted by the City Council.

Goals serve several important functions. They educate and inspire participants in the planning process and describe the intent of the economic development effort as an aid to communication and publicity. They serve as a guide in determining what surveys and studies are necessary. They serve as reference points in deciding among alternative solutions.

Goals for Dos Palos should focus on the following four areas. The long-term effectiveness of the Dos Palos strategy will rest on their achievement:

EMPLOYMENT. To reduce high and persistent unemployment and underemployment and to stimulate faster job growth, especially to provide more jobs for youth.

DIVERSIFICATION. To attract new firms to expand the City's industry base and to retain and expand existing business and industries, including those which are agricultural-related.

IMAGE. To create an external awareness of Dos Palos as a nice place to visit, to live and to do business.

QUALITY OF LIFE. To continue to enhance local educational, health care and housing resources, to increase local revenues to support needed community services, and to retain the special quality of life for local residents.

These goals are not mutually exclusive, but rather reinforce one another to achieve balanced growth. They should be pursued in the context of preserving the natural, scenic, historical, economic, and human resources of the community. These resources should be maintained to assure the present and future viability of the area, with a careful balancing of needs and priorities necessary to achieve the quality of life desired by area residents and visitors.

OBJECTIVES

As the economic development effort evolves, participant groups will want to periodically review achievements, update planning information, and refine program objectives.

We recommend a commitment to conduct ongoing progressively refined strategic planning activities and to maintain the flexibility to revise strategic objectives as economic conditions change and new opportunities and/or setbacks are encountered.

The following strategic objectives are intended to provide overall guidance for the City's efforts during the first year and lay the groundwork for continued strategy development.

- A. THE CITY SHOULD ORGANIZE AN ECONOMIC DEVELOPMENT COMMISSION (EDC) TO COORDINATE AND GUIDE ECONOMIC DEVELOPMENT ACTIVITIES.**

- B. THE CITY SHOULD INITIATE INCREMENT FINANCING AS A TOOL FOR ENHANCING INFRASTRUCTURE DEVELOPMENT IN THE COMMERCIAL AND INDUSTRIAL AREAS ONLY.**

- C. THE CITY SHOULD UNDERTAKE THE NECESSARY STEPS TO ENSURE PRO-ACTIVE DEVELOPMENT OF THE INDUSTRIAL AREA OF THE CITY.**

- D. THE CITY SHOULD INITIATE A COMPREHENSIVE MARKETING STRATEGY FOR BUSINESS ATTRACTION AND RETENTION IN COOPERATION WITH THE COUNTY OFFICE OF ECONOMIC DEVELOPMENT AND STRATEGIC PLANNING.**

IMPLEMENTATION

OBJECTIVE A. ORGANIZE ECONOMIC DEVELOPMENT COMMISSION

Individual excellence breeds Olympic marathon medals. But it takes first-rate teamwork to produce a Super Bowl win --- or to achieve community-wide economic development successes.

On the football field or in City Hall, the goal is the same --- to win through the combined talent of a diverse group of players.

Efforts to create local jobs or increase revenues often fail because no organization is in place to carry out the community's agenda. Its like constructing a skyscraper without setting the concrete foundation.

Organizing may sound easy, but it isn't. It takes time, planning and lots of hard work. Yet building an organization --- be it a formal local development corporation or an informal citizens committee --- is the first, maybe the most crucial, step officials can take to inspire local economic development.

One of the major reasons for organizing is to capitalize on the unique abilities and power positions of many community leaders.

A second reason for organizing is to create a legitimate forum for discussing important community issues. Organization members can work to reach a consensus on questions like: Is economic growth desirable? If so, what kind of growth is compatible with the community? what financial benefits will be gained from new growth? How can we ensure that the financial benefits outweigh the costs?

The third reason for organizing is to make people accountable for achieving something real. What's important is that the group outlines an agenda, makes a commitment to action and --- within a short time --- produces an achievement. Successful organizations produce products, not just discussions.

It is our recommendation that the City of Dos Palos formally recognize the importance of economic development by creating a City-wide Economic Development Commission to implement this strategy. By doing so, the City will be sending a message to the "world" that you are serious, committed and have become a "real" player in the "business of" economic development. As importantly, the City will recognize that like starting any new business, you must organize, create a plan, fund the plan, and implement, (staffing and marketing).

In the case of Dos Palos, we feel a Commission will have more stature than a Committee or Task Force and yet stops short of a more formal Economic Development Corporation which would require more resources to operate than the City has available by itself.

The City should annually budget funds to the Commission and, using the City Manager as the point of contact, contract staffing assistance for the Commission from the Merced County Office of Economic & Strategic Development. Based upon the Strategy, the Commission, once formed, should develop, oversee and implement a specific short term (annual) work program.

Because the City is so small and does not have the resources for a full time, experienced staff, we are recommending a contract with the Merced County Office of Economic Development & Strategic Planning as the most viable alternative. Staffing is essential --- a Commission without staffing won't work!

In addition to the above recommendations, we recommend the Commission take shape as follows:

- o Commission members should be appointed by the City Council.
- o Set Commission membership at around 10 to 15 "committed" individuals.
- o Provide "adequate" representation on the Commission from Midway and South Dos Palos.
- o Allow the Merced County Office of Economic & Strategic Development to assist in establishing the make-up and selection of Commission members.
- o Be sure the landowners in the Industrial Area and downtown businesses are represented on the Commission.
- o By City Resolution, give the Commission responsibility to be advisory to the City Council as well as to develop and implement economic development activities for the City.

OBJECTIVE B. INITIATE AN INCREMENT FINANCING PLAN

Some years ago the City Council established a Redevelopment Agency but stopped short of developing the full plan. We are optimistic that in time Dos Palos will, by implementing an economic development strategy, regain its viability because new industry will discover the City's immediate proximity to major freeways and major markets and because the cost of doing business is exceptionally advantageous.

Attracting a State Corrections Facility to locate in the area will enhance economic viability, making increment financing an excellent tool for assisting the development of current and future infrastructure needs of the commercial and Industrial Area.

In order to assure the proper local financing tools and flexibility necessary for overall project and program development, the City should now consider implementing a local redevelopment plan.

In order to facilitate the City's long-term development potential, a redevelopment plan should be prepared for those commercial and industrial areas in the City which exhibit elements of blight as well as a degree of disinvestment, presence of unsightly structures, and in general, do not possess those features which are essential to planned orderly and attractive growth, i.e., sidewalks, streets, parking, utilities, landscape, maintenance, etc.

A number of development tools are currently available to the City through various State and Federal programs, i.e., (Block Grants, Urban Development Action Grants, Economic Development Administration Grants/Loans, etc.). Such programs, when combined with other "local financing tools" -- whether through the redevelopment process or through loan packages available from a Local Development Corporation (S.B.A. 502, 503 Programs) -- are key components in assuring the present and future success of the community's overall economic development program.

Essentially, then, the adoption of a redevelopment plan allows for an additional tool that can be used by the community to promote economic growth as well as to help finance housing and other community development activities. It is not THE answer to all community problems and needs but it is an important part of the long-term effort.

If deemed necessary, and in order to feel comfortable that redevelopment is a viable alternative for Dos Palos, the City Council can direct the Economic Development Commission to review the pros and cons of the redevelopment process and report its findings to the Council. We believe it is most important to explore the benefit of this economic development financing resource for the City. If and when development occurs it will be very advantageous to have this increment financing tool in place.

The first step in implementing the plan is to secure expert advise so as to review all the pluses and minuses. The process of planning can take as long as a year --- although increment can be retroactive to the tax year the planning started --- time is of the essence.

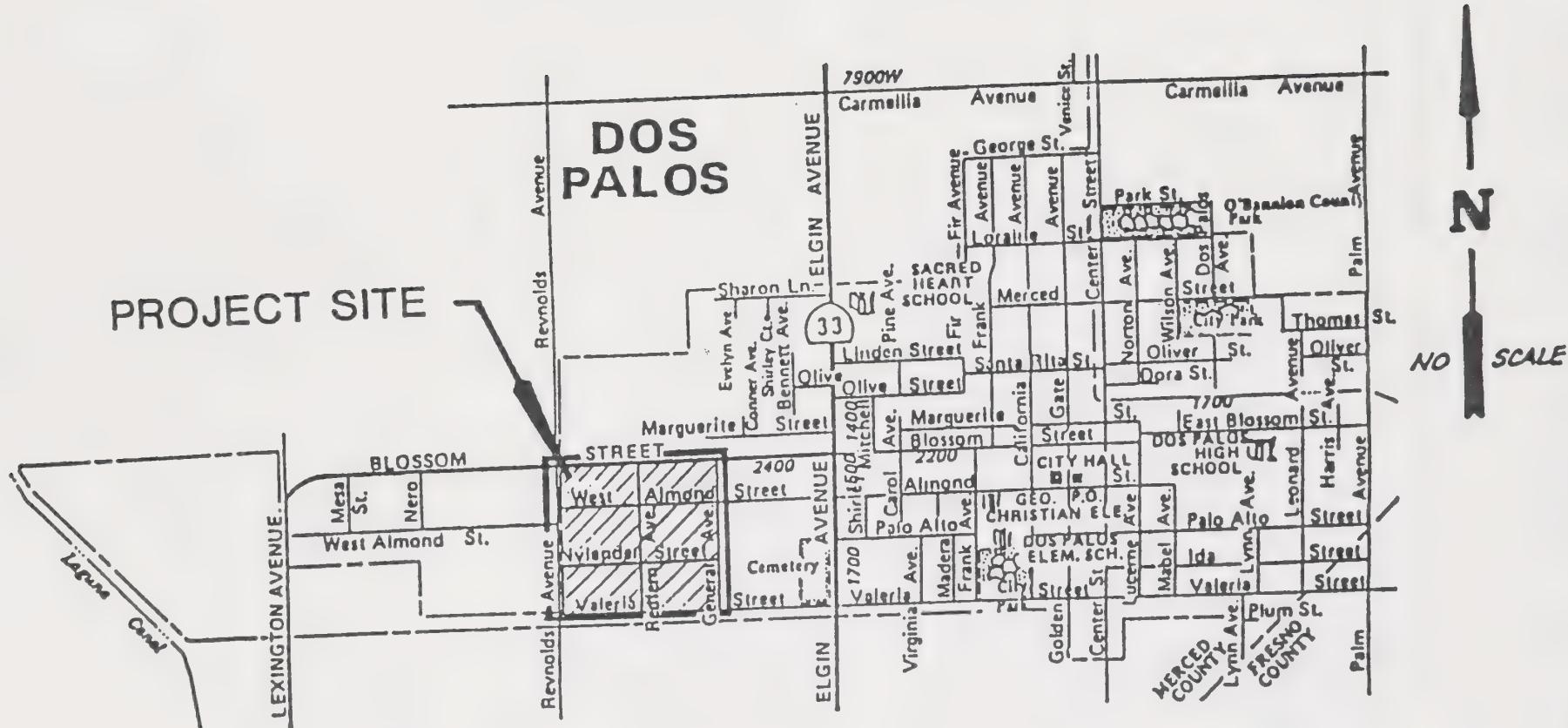
OBJECTIVE C. DEVELOP INDUSTRIAL AREA --- GET READY

Focusing the community's energies on this objective will realize the most economic development benefit in the short-term. But making the Industrial Area (Exhibit B) ready for market will require some short-term steps. **The Economic Development Commission should undertake responsibility for getting the Area ready and some recommended initiatives are:**

- o **Area Enhancement** --- the Area is visually unattractive. Weeds are allowed to overrun the parcels --- junk is left out in the open --- there is a lack of good fencing and/or landscaping. In order to show good faith to landowners, the City could take responsibility for weed control and general clean-up of the Area. In addition, the City could arrange for a landscape architect to prepare some schematic renderings which would outline a long-term plan for visual enhancement, i.e., a specific site plan. Ask the landowners to help.
- o **Light the Area** --- in order to demonstrate a near-term commitment to the owners in the Area, we recommend the City/Commission find a means by which to secure improved lighting in the Area. The preliminary engineering report (Report #2) indicated it would cost ~~✓~~ near \$1 million to buy and install good lighting for the Area.

We feel lighting is essential and would suggest that the City/Commission explore alternatives other than buying the lighting. As a for instance, we understand P. G. & E. has a program that will install all the lighting at their cost.

DOS PALOS INDUSTRIAL AREA
GENERAL SITE MAP



SITE MAP

- o **Name the Area** --- giving the Area an identity will make it much easier to market. Hold a contest and let the school children help name the Area.
- o **Involve Parcel Owners** --- once you have some ideas about improvements, marketing approaches, and cost estimates, meet with parcel owners to share ideas and discuss costs and benefits. There is a need to arrive at a consensus on developing and marketing the Area. It is most important to advise property owners about what is going on, receive their input, adjust efforts accordingly, and to enlist their enthusiastic support for implementation plans. A good start would be to send a letter to the owners to advise them of the results of this strategy and to provide them copies of the various reports. Parcel owners should be represented on the Economic Development Commission. Seventeen of the 25 (68%) parcel owners at the Industrial Area live in Dos Palos --- they own 50% of the land. This high number of local owners should make it easier to reach and involve the owners.
- o **Improve Infrastructure in the Area** --- there is no question that improving the infrastructure in the Area will improve the viability and marketability of the parcels. We are not suggesting costly improvements, but rather would argue for meeting the basic needs in the Area. Remember, although we don't want to lose price advantage by incurring more costs to the owners, we do want to be able to compete in a market that is filled with low cost, ready-to-go industrial parks and sites.

The most frequently mentioned problems in the Area (by owners) were the poor conditions of the streets and the lack of drainage and flood control. A "preliminary" engineering report substantiated the problems and recommended a set of improvements and estimated costs. Indications from the survey were that 80% of the owners would consider participating in financing the improvements. The cost to do it right and to do it all would exceed \$1 million.

this, unfortunately, comes at a time when the City is considering a major financing for a new water delivery system. It is our initial determination that an Assessment District would be required to raise this level of financing, but would probably be too costly for the owners alone. Without some form of direct "job development" tied to the Area we are unable to utilize existing federal and/or state grant programs to help subsidize the costs to a bearable level. We have talked with Farmers Home Administration (FHA) and they indicated an interest and willingness to provide funding under their Community Facilities Program. While that is good news for the future, unfortunately this program also requires an Assessment District process to pay off the bond funds purchased by FHA. Therefore, without a "job development project" in the pocket, we are left with the need to consider phasing the improvements over the long-term in order to achieve at least the bare bones improvements needed to market the Area. In that regard, our recommendation would be that the first phase involve:

- a) Complete curb and gutter on:
 - Blossom Street (General to Reynolds)
 - Reynolds (Blossom to Canal)
 - West Almond (General to Reynolds)
 - Redfern (Blossom to Canal)
- b) Road work on:
 - Redfern
 - West Almond
- c) Storm drainage and the facilities on Redfern near Canal.

The cost for this Phase would be around \$400,000. These improvements would have a positive impact on the whole area while at the same time creating better access and service to a core of

market ready (i.e., vacant) parcels. The cost for Phase I would reduce the assessment costs to all the owners and may make the project more acceptable under the Assessment District Process. Although all Area owners would participate in the cost of Phase I, they would only be assessed a proportionate share equal to the impact on their parcel(s). Bear in mind that no matter what the cost or phase, City financial participation will be necessary.

We therefore recommend that the Economic Development Commission pursue the Assessment District initiative on a phased basis in order to minimize the costs to the City and owners. With any luck at all, a "job creation" project will be identified soon that will allow for the use of economic development grants to help mitigate costs for the improvements.

OBJECTIVE D. GET THE WORD OUT --- MARKETING

Initiate a marketing and image enhancement program. Community leaders must recognize that they are engaged in a marketing enterprise --- that of marketing their community to prospective "customers" who could make use of what the community, its people, and its business have to offer:

Potential customers often are faced with a wide range of alternative products all very similar to each other. It is the marketer's job to create in the customer's mind an idea that a particular product is different in an important way, so that the product will have a competitive edge over others in the marketplace. This uniqueness or competitive edge is what is known in the marketing field as a differential advantage.

In the context of economic development, it is the job of the economic development leaders to persuade potential tourists, residents, and outside businesses that your town is unique --- or has a differential advantage --- in a way that could be important to them in their decision of where to visit or where to locate.

This creation of a differential advantage could turn out to be the deciding factor for a family considering where to spend their next vacation. It could influence a family who is thinking of moving to another community, or it could steer a business to locate in your community over other communities which don't appear to have anything unique to offer. In cases where others offer similar features, if your economic development leaders have created a differential advantage in the potential customer's mind, your community is more likely to win out.

A marketing strategy is designed to create and nurture a differential advantage. "The four P's" of the marketing mix --- product, place, price and promotion --- form the center of a marketing strategy.

In marketing a community, the various features of the community itself become the product. The concept of the community as a product encompasses the scenery, natural resources, friendly atmosphere, transportation routes, history, architecture, educational facilities, shopping areas, and much more. All of these aspects help to determine the individual character of a given community.

Place refers to the physical channel --- for example, a grocery store or a lumber company --- through which a product is sold. For some marketers, selection of the outlet through which the product will be sold can have a major impact upon the ultimate success or failure of the product in the marketplace.

When we speak of price as an element of a community's marketing mix, we are referring to costs that the community imposes upon residents, tourists, and resident businesses for the privilege of carrying out activities in the community --- cost of living, taxes, transportation costs, value of real estate, etc. Often, communities have distinct price advantages over other locations.

These price advantages can become an integral part of the marketable uniqueness.

Finally, differential advantages of product and price must be promoted effectively. Essentially, promotion is communication. economic development leaders must communicate the message of their uniqueness to prospective customers. Reaching the right audience is often the most difficult task, because promotion costs money and most communities are constrained by a tight promotional budget. But a low-cost promotion program can be effective if it is well-conceived.

The Economic Development Commission should have responsibility for this objective and will benefit greatly by a close working relationship with the Merced County Office of Economic & Strategic Development. The County has already instituted a city by city marketing program which includes organizing marketing tools, i.e., video, brochures, community profile, etc. They also have developed a target industry profile which can and is being used to market Dos Palos.

The problem for the County in marketing Dos Palos has been the need for the City to play a more pro-active role in getting the product (City) ready prior to taking it to market! This strategy was one of the ingredients for making the transition from **GET READY** to **READY**. In addition to what the County is already doing, we would recommend additional activities, such as:

- o **Tasteful signage be developed and placed in key locations, (on highway, on Industrial Area) advising the traveler and reminding the community that Dos Palos has room for industry and new business development.**

- o Continue to work closely and cooperatively with Dr. Handschumacher, the owner of the Tubbs Cordage facility to secure a new tenant or owner.
- o Identify a small group of "key" people who can act as City Ambassadors for attending trade shows, greeting prospective businesses and/or realtors, providing back-up and support for the County's economic development marketing assistance program.
- o Encourage parcel owners in the Industrial Area to participate financially in the marketing of the Industrial Area --- after all, this is also to their benefit.
- o Involve the press in keeping the whole community informed so the community can be knowledgeable and supportive enough to help sell Dos Palos. Involving all the people is important because the best sales force a community has is its people. The more they know and the prouder they are the better the chances to attract new opportunity --- find ways to encourage full community participation in selling Dos Palos. One example might be to identify every business person (includes farmers) who attends a convention or trade show --- provide them with some packets of sales information to take with them to hand out. You never know where you will find a candidate or prospect; it could even be on an airplane.

OTHER SUPPORTING ACTIONS

The following represents a series of actions we feel need to be considered by the appropriate agency as part of the long-term economic development of Dos Palos. They are not in order of priority.

- o **Expand sewer capacity --- it is our understanding that the City is near capacity.**
- o **Continue all efforts to form an area wide coalition to realize a new and better water source and methods of service delivery.**
- o **Institute the necessary cooperative activities to begin consideration for annexation of South Dos Palos and Midway. We believe that the City will be in a much better position to act as a whole community if you are one! The current division of communities creates a negative image of the area. In addition, South Dos Palos brings with it a very important connection to rail and additional industrial land potentials. We have been led to believe in our interviews that annexation is possible as long as all of South Dos Palos and Midway (and not parts of) are involved in the annexation.**
- o **The downtown in Dos Palos has real potential. This potential can be realized but only if the businesses organize and make the effort to be viable and market responsive. There are many success stories --- it can be done. We did not include this activity in the initial objectives because we felt first priority should focus on the Industrial Area which, if successful, will help the downtown to regain its viability. On the other hand, we feel that the Economic Development Commission must, as part of its work program, recognize and begin to work on ways to enhance the downtown. One consideration should be the redevelopment plan and another a**

Business Improvement District Program which has been used as a tool in other communities.

- ★ o Continue efforts to secure a Correctional Facility for the City. ★
The long-term economic benefits are important and will be helpful in stimulating industrial and downtown revitalization. If a Facility is realized, the Economic Development Commission should get involved in securing related business opportunity for local businesses.
- o The City needs to encourage economic development funding to support strategy implementation from the Private Industry Council through the Merced County Office of Economic & Strategic Development.
- ★ o Continue to actively pursue ways to ensure the presence of a ★ hospital. This will be an important factor in attracting new business opportunity. As it stands now, uncertainty regarding the hospital is a definite liability.
- o The Economic Development Commission should work with the City to develop a plan of action for use of City owned lands inside and outside the Industrial Area. This public asset (land) has value and should be looked at as a means for generating economic development returns to the City. It is also possible to use these properties to create a revenue flow to cover the costs of future economic development activities.
- o The City request that the County include the costs to develop the Industrial Area in the Overall Economic Development Plan (OEDP). This should be a priority action by the City to ensure potential funding from the Federal Economic Development Administration.

WORK PLAN/TIMELINE

This section contains an initial work plan and time schedule of activities to start the implementation of the Economic & Industrial Development Marketing Strategy. These activities relate primarily to Objective A, since Objective B is subject to discussion by the City Council, and a work plan for implementing Objectives C and D will follow from Objective A.

The following work plan will allow the City to initiate its economic development program --- to "ORGANIZE" and to "DO IT"!

STEP 1

The City Council should:

- 1) Formally accept and adopt the consultant's report
- 2) Pass a resolution creating an Economic Development Commission (EDC)
(See Appendix C)
- 3) Allocate initial EDC funding

STEP 2

The City Council, in concert with Merced County Office of Economic & Strategic Development, should appoint members to the EDC:

- 1) Determine number of members and representation required (See Appendix D)
- 2) Select and appoint members

STEP 3

The City should contract with Merced County Office of Economic & Strategic Development for staff services

STEP 4

Based on the strategy, the EDC and Merced County Office of Economic & Strategic Development should prepare a first year "specific" Work Program & Tasks

STEP 5

The EDC and Merced County Office of Economic & Strategic Development staff should meet with the Industrial Area land owners to garner their participation and to review the Work Program and revise as necessary

STEP 6

The "specific" Work Program should be presented to and ratified by the City Council

STEP 7

Once the Work Program is ratified, the City should formally mark the implementation of its Economic Development Program through press releases, a public reception, acknowledgment from legislators, etc. --- "Dos Palos is on the move."

The following time schedule presents a framework for carrying out these first steps.

DOS PALOS WORK PLAN

TIMELINE

| STEP | MONTH | | | | |
|---|-------|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 |
| 1. Adopt strategy, create EDC | | → | | | |
| 2. Select/appoint EDC members | | → | | | |
| 3. Contract MCOESD for staff services | | → | → | | |
| 4. Prepare first year work program | | | → | | |
| 5. Meet with land- owners/review program | | | | → | |
| 6. Ratification of Work Program | | | | | × |
| 7. Formal inauguration of Work Program | | | | | X |

SUMMARY OF ACTIONS FOR
CITY OF DOS PALOS

SHORT TERM ACTIONS:

- o Pass Council resolution adopting strategy.
- o Send letter to landowner in Industrial Area providing economic development status update.
- o Appoint members to Economic Development Commission.
- o Allocate funds to Economic Development Commission.
- o Initiate Increment Financing Plan.
- o Request new status in County OEDP for Industrial Area infrastructure funding.
- o Initiate infrastructure financing for Industrial Area.

LONG TERM ACTIONS:

- o Support Downtown Revitalization Program.
- o Secure Correctional Facility.~~W~~
- o Increase sewer capacity.
- o Institute annexation process
- o Develop plan for use of City owned lands.

SUMMARY OF ACTIONS FOR
ECONOMIC DEVELOPMENT COMMISSION

SHORT-TERM ACTIONS

- o Contract staff with County Office of Economic & Strategic Development.
- o Develop specific annual work tasks/budget and timelines.
- o Request implementation funding from City and Private Industry Council.
- o Meet with land owners in Industrial Area.
- o With City concurrence, review Increment Financing option in more detail.
- o Work on short-term work tasks to enhance Industrial Area.
- o Institute marketing effort for Industrial Area and Tubbs Cordage facility.

LONGER TERM ACTIONS

- o Initiate Downtown Revitalization effort.
- o ★ Assist City in related Economic Development activities, i.e.,  sewer, Correctional Facility, annexation.
- o Look into rail access via South Dos Palos.

**SAMPLE RESOLUTION
FOR CREATION OF AN
ECONOMIC DEVELOPMENT COMMISSION**

**RESOLUTION OF THE CITY COUNCIL OF DOS PALOS, SUPPORTING
LOCAL ECONOMIC DEVELOPMENT.**

WHEREAS the City of Dos Palos and area surrounding is experiencing high unemployment due to decline of agriculture; AND

WHEREAS strong diversification of the area's job base will be required to meet the employment needs of residents and reduce overall unemployment; AND

WHEREAS the City of Dos Palos considers it a priority to encourage positive governmental practices which will preserve the quality of life and still facilitate the initiation or expansion of economic growth; AND

WHEREAS a Dos Palos economic development policy is intended to establish the capacity to execute coordinated economic development programs, and to initiate an ongoing process; AND

WHEREAS a primary task of economic development is to identify untapped markets and to stimulate private investment which can create and expand job opportunities and increase revenue to the Dos Palos area; AND

WHEREAS the objectives of economic development will be directed toward actively encouraging expansion and retention of existing businesses which will provide employment for local residents; AND

WHEREAS the attraction of new commercial and industrial opportunities is an essential component for a healthy economic future;

NOW THEREFORE BE IT RESOLVED: That the City of Dos Palos finds that the long term economic viability of Dos Palos rests on the ability to:

- o encourage the stability and expansion of the local employment base;
- o support retention and expansion of service and retail trade establishments as an important amenity to residents and existing businesses and as a significant source of employment for residents;
- o effectively organize and coordinate public and private resources for economic development;
- o increase efforts to diversify the industrial base through promotion of the City Industrial Area.

BE IT FURTHER RESOLVED: That the City of Dos Palos does hereby adopt the Economic & Industrial Development Marketing Strategy provided through the Merced County Office of Economic & Strategic Development and the County Private Industry Council; AND

BE IT FURTHER RESOLVED: That the City of Dos Palos does hereby establish a Economic Development Commission; AND

BE IT FURTHER RESOLVED: That the City will participate with the Merced County Office of Economic & Strategic Development in a coordinated economic development program to carry out economic development activities in Dos Palos; AND

BE IT FURTHER RESOLVED: That the City of Dos Palos does hereby provide \$_____ in first year funding to support the Economic Development Commission efforts.

**RECOMMENDED ORGANIZATIONAL STRUCTURE
FOR AN
ECONOMIC DEVELOPMENT COMMISSION (EDC)**

The most helpful organization members are individuals who: are personally interested in economic development; are or will be affected by development activities; have knowledge about the problem; will communicate with others in the community during their time of service; are committed to serving on the organization; are willing to change, if change is necessary; have a positive attitude and enthusiasm; and are able to work well with others.

Most local Economic Development Commissions are made up of from 10 to 15 members. The number of members is less important than ensuring that a good cross-section of the community is involved and that it truly reflects a public/private partnership. The following outlines our thoughts on the make-up of an EDC:

- o Mayor or City Council person
- o Major employer (over 20 employees)
- o Small business(es)
- o Industrial Area landowner(s)
- o At-large appointments
- o Representative from education
- o Representative from the Private Industry Council
- o President of the Chamber of Commerce
- o Farm Bureau representative
- o Midway Community Services District
- o South Dos Palos Community Services District

ECONOMIC DEVELOPMENT SERVICES

✓ 12/22/87

August 31, 1987

INSTITUTE OF GOVERNMENTAL
STUDIES LIBRARY

DEC 14 1987

UNIVERSITY OF CALIFORNIA

City of Dos Palos
City Hall
1546 Golden Gate Avenue
Dos Palos, CA 93620

Dear City Council Members:

We are pleased to present you an Economic & Industrial Development Marketing Strategy for the City of Dos Palos. This strategy is our Phase III report and is based upon two earlier reports entitled *Community Assessment* and *Industrial Area Assessment*. Every attempt has been made to focus on a realistic agenda of initiatives that will make Dos Palos a serious player in the "business" of local economic development. Much of the success of this "business" is based on perception. The perception from inside and outside the community is that Dos Palos is not a serious player. Perceptions can be changed and the agenda we present is intended to offer some immediate activities which will change perceptions to reality, i.e., that Dos Palos is a serious player!

The process of building an economic development "business" is no different than building any other business. It takes a product, a plan, a budget, and staff. It also requires the community to understand it takes time, trial and error, cooperation, and sweat equity. Most businesses require three to five years to achieve success!

When we first came to the City, we came with the notion that all we had to do was develop some target industries and recommend marketing techniques to attract those industries. As is typical in most communities, it was soon apparent that Dos Palos was not ready to go to market and that there was a need to first get ready, i.e., to prepare the product. As you will see, we are recommending to the City as a first step ways to get ready --- this is not to say you should not begin looking for immediate opportunities. You have a big advantage over many cities because of the pro-active County Office of Economic & Strategic Development, which has developed a targeted County-wide marketing effort and is available to Dos Palos. We strongly urge you to work closely with that Office for near term and long term assistance.

August 31, 1987

Page -2-

In closing, we wish the City every success and we stand ready to assist in any way we can to ensure that success. It is time to turn the research and reports into ACTIONS AND RESULTS.

Best wishes,



Wayne A. Schell,
President

WAS/ajs

Attachments

U.C. BERKELEY LIBRARIES



C124896389

Test all month
of April

